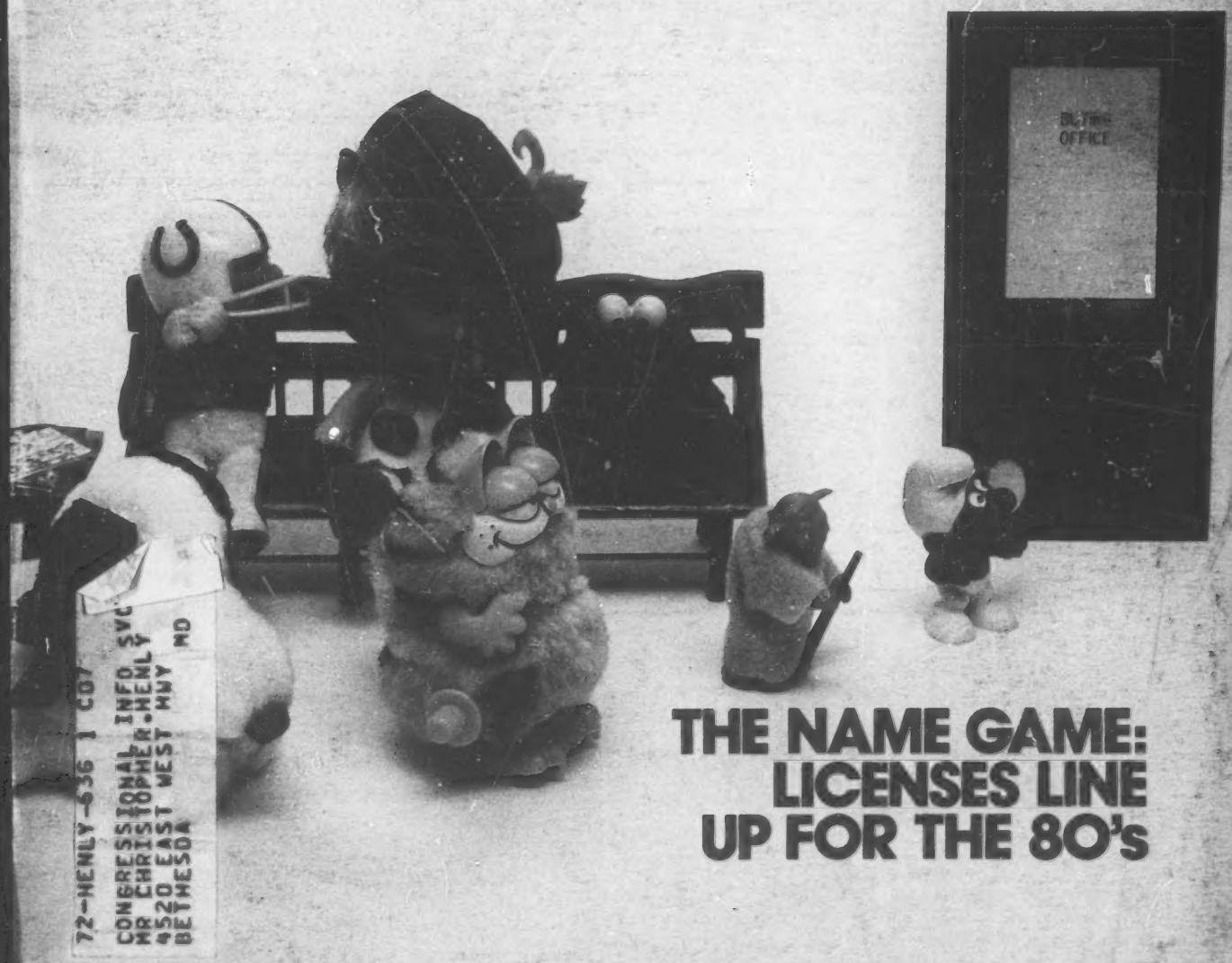
C5150-7
4/22/83

Store managers speak out: exclusive survey

Heritage lines bring Lechmere back

Chain Store Age

GENERAL MERCHANDISE EDITION April 1983



THE NAME GAME: LICENSES LINE UP FOR THE 80's

72-HENLY-636 1 COY
CONGRESSIONAL INFO SVC
MR CHRISTOPHER HENLY
4520 EAST WEST HWY
BETHESDA MD

TWO DOLLARS PER ISSUE

IN THIS ISSUE

Store mgrs. speak

An exclusive *CSA* survey finds the front-lines merchants highly positive toward their chains. The prime beefs: corporate's concern for them as individuals and a lack of training 15

Filling a void

Shopping carts may be heresy for most dept. stores, but not so at Kohl's. The Batus Retail division has taken its strategic stand in a niche between keystone price stores and discounters 26

What's in a name

From Mickey Mouse to Cacherel, licensing means different things to different retailers. Whatever the definition, name selling represented $7.8 billion in apparel and accessories volume last year 73

Industry News

Lechmere rides hard lines recovery 27
Touche Ross: Planogramming to improve profits 96
Price-Point Tracking: department stores high on video systems 103

Licensing

Riding the licensed product explosion 31
License panel urges industry partnerships 39
Shortcake leads Venture's list 42
Retailers score with character boutiques 47
Arcade games lead shakeout survival 59
Strikes slowdown sports licenses 60
Kids' sheets are no sleepy affair 62
Licensed cards are a growing business 64
Discounters miss out on vitamin sales 68

Apparel Merchandising

Manufacturers don't kid with licensed apparel 76
Mervyn's makes licensed impact 77
Licenses sleeping in junior sleepwear 79
Hills goes for local flavor 82
Selectivity: key to kids' licensed apparel 88

Sporting goods

Exercise gear has image-shaping role 92a
Fashion, color hit exercise gear 92e

CHAIN STORE AGE General Merchandise Edition (ISSN 0193-1350) is published monthly by Lebher-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Retailers: $9 a year; two years, $17; Canada, $10 a year; two years, $19. Wholesalers, manufacturers, schools, libraries and all others: $15 a year; Canada, $16 a year. Foreign subscriptions: Airmail only, $75 a year. Single copy rate $2. Second Class postage paid at New York, N.Y., and at additional mailing offices. Vol. 59, No. 4. Copyright © 1983 by Lebher-Friedman Inc. All rights reserved.
ALL CORRESPONDENCE should be addressed to Executive Offices, Chain Store Age General Merchandise Edition, 425 Park Ave., New York, N.Y. 10022. For a change of address, six weeks notice to Circulation Fulfillment Director, 99 Park Ave., New York, N.Y. 10157, is requested. Give old and new address and zip code. If possible enclose address portion from cover on previous issue. Postmaster: Please send address changes to Subscription Dept., General Merchandise Edition, 99 Park Ave., New York, N.Y. 10157. Member Audit Bureau of Circulations, Second Class Mail Publications Inc., and Magazine Publishers Association.
Copyright © 1983 by Lebher-Friedman Inc.

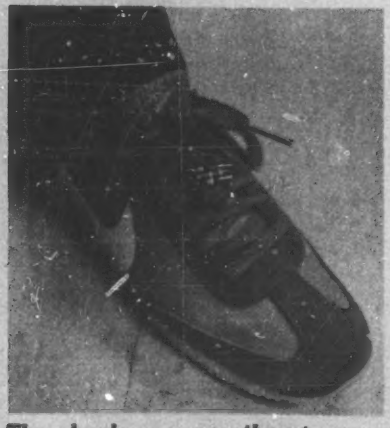
Beads come back, but go again fast

The adage that fashion has a way of repeating itself doesn't only apply to soft lines, where today's heady trendsetters are taking their 50's vintage circle skirts out of mothballs. Style, apparently, has an "every decade" cycle in hard lines as well.

More than 10 years ago they were called love beads. This go round, they're Friendship Beads. Whatever the name, retailers report the gimmicky little package was one of the hottest-selling, if short-lived, fads early this year.

"We sold $900,000 worth in a month and a half and reordered," says the buyer for one East Coast discount chain. "Sales have really slowed down and I'm worried about eating these things."

"These things" are safety pins and colored beads—with price points ranging from 98¢ to $1.39—which kids are stringing together and sticking on their shoes. Different colored beads have different meanings and Target buyers, for one, picked up on the trend watching the kids.

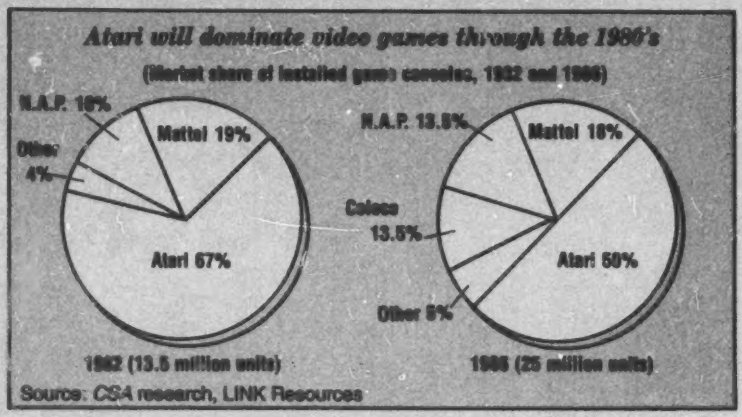


These beads mean something to someone . . . and volume for retailers.

"They were most popular with girls between 3 and 12," says a Target spokesman. "We originally saw the items being sold separately and put them together in a package."

Target merchandised the Friendship Beads in notions and moved over half a million units in about six weeks. Other stores reportedly used dump bins and endcaps near the checkouts to display the goods.

"It'll be around again," quips the Target insider, commenting on stores that overbought in anticipation of a lasting fad, "with just a slightly different wrinkle to make it new."



Correction

In the February 1983 issue of *Chain Store Age*, the above chart was incorrectly labeled showing an increase in the percentage of households with an installed Atari video game console. In fact, while the actual number of consoles installed will increase, percentage of market share will decline from 67% to 50% for Atari.

THE WARRANTY THAT SEPARATES BIG BEN FROM THE BOYS.

When Big Ben by Wrangler® says we make America's best work clothes, we put our money where our mouth is.

For a full year, if any garment we make is defective in workmanship or materials, we'll replace it. Or refund your customer's money. Plain and simple.

No warranty works easier, because no clothes work harder than Big Ben by Wrangler.

BIG BEN WORKIN' CLOTHES.™

SPECIAL REPORT

Managers cite hq insensitivity, poor training programs

The Woolco store manager was explaining to his unemployed son-in-law the benefits and security in working for a company the size of Woolworth when the chain's closing was announced on the TV news.

"It didn't do much for the conversation," he recalls.

This incident pretty well sums up one of the two primary beefs (training being the other) GM store managers have with headquarters—beefs culled from a *CSA* survey of managers representing the Big 3 catalog chains, department, discount, specialty and variety stores.

These merchants criticized corporate's concern for them as individuals, a problem compounded by the distances often separating the stores from headquarters, the long hours managers put in and the "make-the-numbers-or-you're-out" attitude managers *imagine* headquarters has towards them. And it's certainly not a perceived insensitivity limited to any one chain or industry tier. Woolworth did notify the field staff first, but the manager was out of the store and missed the mail.

Managers admit their weakest spots are communication skills and motivation/training of their staffs.

"I'm concerned about the 'quality of life' aspects of retailing vs. other business," commented a 35-year-old department store manager. "I don't feel we're keeping pace in this area. [Headquarters] just doesn't seem to see beyond the numbers."

By and large, however, store managers are very positive about their positions and chains. Asked to rate their companies on nine basic criteria, the managers gave especially high marks to the corporate staffs and their immediate superiors.

Interestingly, they were less generous in rating the merchandising staffs. Since buyers make the decisions which can make or break a manager's numbers, it's possible

that the sluggish sales environment of the past couple of years has soured the frontliners on the headquarters merchants.

Call for training: Store managers are highly educated. Some 84.7% of the department store managers, 70.6% of the specialists, 64.8% of the discounters, 66.6% of the variety store operators and 53.2% of the Big 3's store managers all have some college or college degrees.

But the managers argue that more "schooling" is necessary, especially since a majority of all retail chains do not prepare managers for the retail fray with formal training programs and even fewer companies offer paid self-development programs. And even when chains reimburse managers for additional education, few store men participate. For example, 38.3% of the department store managers say their companies will reimburse them for going back to school, but only 5.6% take advantage of the opportunity.

"We need [a paid education program] desperately for us younger guys," noted a 26-year-old variety store manager with some college. "I'm paying my own way and struggling with the money and my work schedule."

On-the-job training appears to be the norm for GM store managers. "We don't have a classroom-type training program," summed up a Big 3 store manager. "It's learning step-by-step, job-by-job up the ladder."

Variety stores make the best effort at preparing managers for the field with 87.9% of the managers from this tier reporting their company has a formal training plan. On the other hand, only 24.5% of the department store managers and

Managers rate the chains on . . .*

	Dept. store	Specialty store	Discount store	Variety store	Sears, Ward Penney	Weighted average
Capability of corporate staff	3.2	3.6	3.4	3.5	3.5	3.44
Respect/confidence in superiors	3.2	3.2	3.2	3.4	3.4	3.28
Treatment by superiors	3.2	3.4	3.0	3.0	3.3	3.18
Recognizing performers	3.1	3.0	3.3	3.2	3.1	3.14
Encouragement to speak out	3.0	3.3	3.3	2.6	3.1	3.10
Capability of merchandising staff	3.0	2.7	3.0	3.3	3.2	3.04
Opportunities for promotions/salary increases	3.1	2.6	3.1	3.2	3.2	3.04
Chains's concern for employees as individuals	2.9	2.8	3.2	3.0	2.9	2.96
Training programs	2.3	2.0	2.8	3.3	3.2	2.72

Rating based on a scale of 1 to 5 with 1 being poor and 5 being excellent

Source: *CSA* research

Store managers: their likes and dislikes

		Dept. store	Specialty store	Discount store	Variety store	Sears, Ward Penney	Weighted average
Likes	Challenge	70%	59%	59%	73%	79%	70%
	Responsibility	57	59	68	67	69	64
	Independence	49	24	68	51	27	37
	Leadership	32	24	19	12	38	27
	Dealing with employees	23	24	24	12	31	23
	Salary	13	12	22	15	29	19
	Chain's reputation	21	12	22	9	15	17
	Dealing with customers	11	18	19	30	13	17
Dislikes	Work schedule	36	41	27	58	27	36
	Salary	26	53	38	45	15	31
	Security	22	35	35	27	27	26
	Chain's concern for employees	26	24	19	39	24	27
	Treatment by superiors	23	35	30	24	15	23
	Community relations	17	17	19	18	8	14
	Competition with other retailers	8	6	30	21	6	14
	Dealing with customers	19	6	8	9	8	11

Source: *CSA* research

Study Methodology

CSA randomly surveyed store managers representing the five primary tiers of general merchandise retailing. Each tier was segmented to reflect the nine regions of the nation divided on a percentage basis by distribution of the population.

A total of 480 questionnaires were mailed, of which 188, or 39.2%, were returned.

Overall, surveys went to 100 store managers of the Sears, Penney, Ward group; 100 to department store managers; 100 to managers from 20 discount chains, of which eight were upscale discounters; 100 to managers from 10 variety store chains, and 80 to managers from 35 specialty chains, of which 10 were hard lines oriented.

Completed surveys identified managers by store type only. No store names were used. □

Credit teamwork for success

At 5:30 a.m. every weekday morning Reuel Nygaard jogs the streets in Plymouth, Minn., alone. Three hours later, the 46-year-old lone runner turns retailing executive and functions more as a quarterback in his job as store manager of Dayton's 383,000-sq.-ft. store.

"The two things I enjoy most about my job are the people aspect and the number of new challenges—no two days are ever the same," says Nygaard. The latter was quite a pace change for the executive who had worked in very structured positions within the optical industry before entering retailing 17 years ago.

Now heading up an operation which employs 500 full- and part-time people, Nygaard says his job as store manager calls for "people skills, merchandising and some operations or numbers." However, the most important ingredient for success is teamwork.

At the beginning of each new year, Nygaard outlines the game plan to his assistant managers, managers and coordinators. It explains the "rules of the game" Nygaard expects his staff to follow.

However, the plan is not absolute. Nygaard holds employee feedback in high regard. "You need input from your managers," he says. "You have to be flexible to admit it when something's not working and flexible enough to change it."

Nygaard: "What I enjoy most are the people and the new challenges."

From the day Nygaard entered the St. Paul store one year ago March, he wielded tremendous power over all his branch decisions. The store had just completed 20% of its remodeling when Nygaard sped up the rest which included opening children's in time for Christmas and domestics for the January white sale. Health and beauty aids was supposed to be eliminated during the remodel but because customers protested, so did Nygaard. Now a scaled-down department remains in the finished store.

One of the highlights of his career was opening Dayton's LaCrosse, Wis., store, recalls Nygaard. He says, "It was the first time I was in a position to evaluate how effective I was at my job.

"There's nobody to blame but yourself [for mistakes]; you set up the store, hire the people," he notes. "It's a direct reflection on you."

Nygaard spent two years as store manager of the LaCrosse branch before going to St. Paul, a larger volume store. Prior, he was the store manager of Dayton's Brookdale unit for 18 months and before that he held several other merchandising positions with Dayton's.

All but two of his 17 years were spent with Dayton's, says Nygaard. He briefly left in 1973 to join the May Co. Cleveland as a store manager but was called back to Dayton's in 1975 with the promise of a store managers' position. □

13.3% of the specialists say they went through a formal training program. And even when programs are available, their benefits are suspect.

"We have a program," noted a specialist, "but it's very poor."

Training policies run headlong into the needs defined by the store managers. And what's apparent is that the managers' admitted weaknesses—communication and psychology—probably won't be cured by trial and error.

Survey participants were asked to list their four weaknesses, and responses ranged all over the lot. But there were similarities. Store managers from all five tiers cited failings in communicating in general, and motivating and training their own staffers among their most glaring soft spots.

This reaction meshes neatly with the managers ranking communication, in the form of customer relations/service and employee productivity and morale, among their five most important responsibilities.

What's also obvious is that the managers feel they're not the only link having trouble getting the message across. Communication, they point out, is a two-way street.

"We need to improve the capability of management in dealing with us," a variety store manager noted. "I wonder if we speak the same language."

Numbers game: Store managers are realistic enough to realize that retailing is a numbers game. Ex-

Time management is Rx for success

Ted Whitaker: Happy he chose retailing over veterinary medicine.

The stockroom of Newberry's Ontario, Calif., store must have been something special to make Ted Whitaker forget Chaffey College and his veterinary medicine studies for retailing. Thirty-two years and two chains later, Whitaker finds himself as store manager of Sprouse-Reitz' 21,000-sq.-ft., new look variety store in Sun City, Calif., with few regrets.

"I probably could have made more money as a vet," he quips, "but I liked retailing so much I just never went back [to school]. I wake up excited about work everyday because there's always something new. If I wake up someday and don't anticipate coming to work, that'll be the time to retire."

Besides a one-year stint as a Newberry's trainee, Whitaker has spent his entire retailing career as a store manager—two years with the Rasco division of Gamble Skogmo and the last 28 with Sprouse-Reitz. And the 51-year-old, described by one observer as "jolly, friendly, sort of a Santa Claus guy," credits his longevity and success at running a store to time management.

"I remember an old store manager telling me years ago that if you have to come back to the store at night, you're not scheduling your time properly," he recalls.

Customer relations is one of the reasons Whitaker still enjoys his work and Sun City's predominately senior citizens, who Whitaker terms the "nicest people in the world," are a bonus. But he quickly adds that merchandising his store remains the most exciting aspect of his job.

"I like to see a counter get all torn up and remerchandised with new goods and see those goods move out and get rung up at the register," he explains.

As a veteran, Whitaker easily puts his finger on the one skill vital for newcomers to learn—motivating store employees. Whitaker has a staff of 11, three of whom are part-time senior citizens.

"I believe that you have to be able to make everyone in your organization, from the stockclerks and trainees on up, feel comfortable where they're working," he says. "Ordering and merchandising are very important, but if a store manager can instill a sense of pride in his employees in where they work, then half the battle's won. If your people have pride, they'll merchandise the store right, display it right, keep it looking good and be courteous to the customers." □

cept for the specialists, managers from all tiers cited returning a net profit as their top responsibility. The specialists mentioned volume gains first, profits second. Many managers also placed expense controls among their top five jobs and, interesting in light of the increasingly sophisticated computerization of reordering, only variety store merchants mentioned maintaining a good in-stock position in the top five.

Warning signals, however, are seen in the omissions. Not one store manager fingered shrink and shoplifting control as a prime duty. And a figure that bodes poorly for the department stores especially, 67% of the Big 3 store managers ranked customer service as a top task vs.

By and large, however, store managers are very positive about their positions and chains.

47% for the supposedly service-intensive department stores and a worse, 35% showing for the specialists. In fact, 35% of the self-service discounters and 36% of the variety store operators mentioned customer service.

Department and specialty store managers may take customer service for granted since managers from both tiers did list this job among their top responsibilities. But it's also possible that sales help cutbacks, rampant at the keystone stores in recent years, are delivering a negative message to the managers or, at the very least, headquarters is not stressing this competitive edge strongly enough.

While the bottom line is vital, store managing remains a trade for merchants. Over 40% of the specialty store managers, discounters and Big 3 unit operators report their retailing experience is on the merchandising side of the business. Over half the variety store managers and two-thirds of the department store respondents boast merchandising as opposed to operations training. In fact, only 10.8% of the total report only operations back-

Challenge drives Penney manager

Ron Coleman's enthusiasm about running his own retail business is boundless. The fact that the sign outside his store in Stamford, Conn., says J. C. Penney doesn't bother him at all.

"It's like I'm using Penney's money to manage my own business," says the 43-year-old Coleman. "Penney provides plenty of guidance, but the bottom line is that this is my store and I'm responsible for it. I make the decisions and I live or die by those decisions."

Coleman, who joined Penney soon after graduating from Virginia Tech in 1961 with a degree in business administration ("I switched from civil engineering half-way through because I wanted something where I would be dealing with people," Coleman says.) has moved rapidly along his career path by facing the challenges head on. "Penney breeds on challenge," he notes, "and every job I've held has challenged me to be creative, to develop my own style of management and to motivate the people working for me."

The success of Coleman's dynamic leadership style is readily evident in the people working for him at Stamford. There is an almost palpable excitement running throughout the store. "My attitude is to develop the people in the store," says Coleman, who spends half his working day on the sales floor and support areas, "and I think I have done that."

Although this is his second full-line store as manager, Coleman rates the Stamford store as his toughest challenge to date. "When we finally opened last year [after parking lot construction delays kept the fully stocked and manned store closed for weeks] most people had heard of Penney," he notes. "But to them it was a place to buy underwear and work clothes."

Coleman: "I feel I'm using Penney's money to manage my business."

This image is changing and, according to Coleman, the store now ranks "third or fourth in the market behind Macy's, Bloomingdale's and, maybe, Saks." The speed with which Penney has caught on is good news to Coleman who receives approximately 20% of annual income based on store performance.

Despite his intense involvement with the store, Coleman still finds time to maintain his family life. "My wife, Judy, and my three kids are No. 1," he says, "and working for Penney has not hindered that relationship at all. Even though we've never lived in one place longer than 30 months, we have thrived as a family. Maybe, because we aren't together all the time, our time together is better."

After nearly a quarter of a century with Penney, Coleman sees his present position as a clear achievement. "I have reached a fulfillment in life, although I'm confident that with 17 years to go with the company, there are greater challenges ahead." □

grounds with 37.0% citing both operations and merchandising experience.

Pros and cons: Like any job, store managing has its pros and cons. With the nation's median income in 1980 at $17,710, all but the specialty store managers earn over that figure. Over four of every five specialty store managers gross $20,000 or less per year with 13.3% earning $26,000 to $30,000. By contrast, it pays to work for the Big 3. All the Sears, Ward and Penney managers earn over $31,000 annually with 62.5% making $31,000 to $3[illegible],000.

Longevity is certainly a factor. More than 1 in 5 of all Big 3 store managers are between the ages of 51 and 55. They are also the most experienced retailers with 22.9% reporting between 16 and 20 years in the business and 20.8% claiming 31 to 35 years under their belts. But as one department store manager told *CSA* recently, "[The Big 3 managers] have a lot more merchandising and buying responsibilities than we do, so they deserve the higher pay scales."

Youth is a drawback for the specialists—with over a third between 21 and 25—and the variety store managers, alike. Nearly a fifth of all variety stores are managed by 21-

Leone fills gap with The Gap

On his way to earning his college degree in history and secondary education, Robert Leone found himself facing a gap in his career plans. Intrigued by the possibilities in retailing, he followed some familiar advice to "fall into The Gap."

After working his way through St. Peter's College in Jersey City, N.J., as a salesman with The Gap, Leone took the plunge and joined the chain's training program. "I was working at The Gap during college and really enjoying it," he says. "It was a good environment for me, working with people who were my contemporaries and with merchandise that really appealed to my tastes. Plus the company had a terrific training program for managers, and I felt I could develop a career with The Gap."

In five years he has done just that, and he still feels enjoyment and challenge in his work. As manager of The Supergap in Paramus, N.J., Leone keeps close tabs on his customers and merchandise—responsibilities that can pay off in trend spotting.

"When I am continually approached by customers for specific merchandise," he comments, "I pass along the information to the buyers. I feel that I have close ties with the shoppers, and maybe we can anticipate a developing trend. I like the fact that people in this company listen."

Leone's style is to keep close tabs on his customers and merchandise.

Leone listens, too, and in a way still feels like the teacher he originally set out to be. "The customers want service and an answer to questions about fit, fashion, wearability, shrinkage. I have to make certain I know the answers so I can give them the most accurate information."

About 80% of the salespeople in Leone's store are college students. "They're in the same boat I was in five years ago," Leone notes, adding, "The decision I made to join The Gap was a beneficial one for me. This is a growing company with high management potential because it's geared to grow from within . . . and I hope to grow with it." □

Managers' most important responsibilities

	Dept. store	Specialty store	Discount store	Variety store	Sears, Ward, Penney	Weighted average
Returning a net profit	85%	53%	81%	94%	79%	81%
Sales volume increases	57	94	41	39	46	51
Customer service	47	35	35	36	67	47
Employee morale	53	41	37	24	63	46
Customer relations	38	35	49	45	38	41
Employee productivity	26	41	54	33	31	36
Planning	36	29	35	27	35	34
Expense control	28	24	38	45	17	30
Insuring in-stock position	30	12	30	39	23	29
Cleanliness of store	15	6	19	6	27	17
Insuring in-stock position on ad items	8	12	3	9	8	11
Protection of property and equipment	0	0	3	9	8	4
Competitive pricing	4	3	3	6	2	3

Source: *CSA* research

to 25-year-olds with another quarter operated by managers between 26 and 30. And 78.7% of the variety store managers earn between $20,000 and $30,000 a year.

For the discounters, nearly 30% of whom are between 31 and 35, 61.9% make between $20,000 and $30,000. Department stores, also with store managers predominantly in their early 30's, offer both "keystone" and "promotional" salaries. Identical numbers of these managers, 28.0%, earn between $20,000 and $25,000 and $36,000 to $40,000.

Lower incomes appear to be supplemented by bonus programs most often keyed to profits. All of the variety store operators and 89.2% of the discount store managers report their chains have incentive opportunities which can tally up to 10% of their annual base pay. Ironically,

however, just under two-thirds of the specialty store managers also say their companies have bonus deals, but these incentives add up to only about 2% of their salaries.

The fairly well-paid department store merchants have fewer opportunities to supplement their incomes. Only 48.1% say bonuses are available, representing a mere 3% of base pay. Again, Big 3 managers make out the best. Some 89.6% report bonus programs are in place which can reach 10% of their salaries.

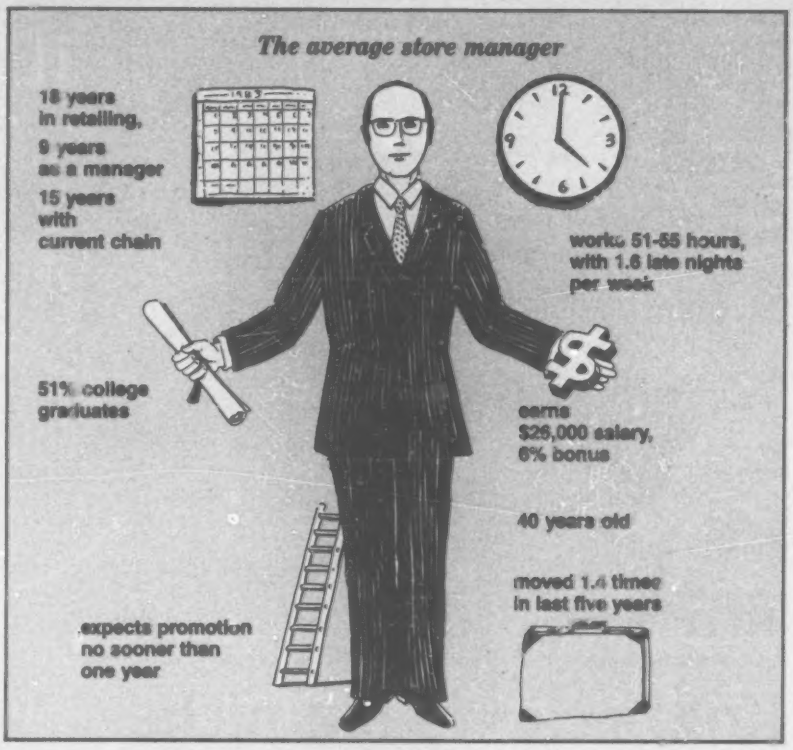
Interestingly, not one store manager cited shrink and shoplifting control as a prime responsibility.

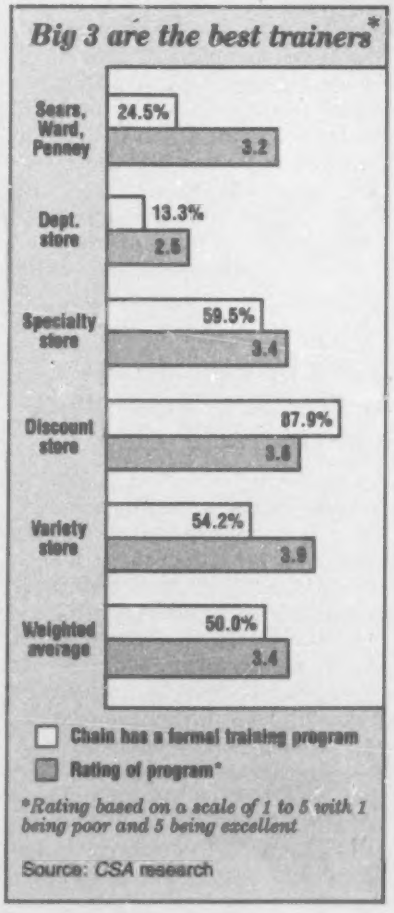
It comes as no surprise that managers work for their money. Department, discount and variety store operators average between 51 and 55 hours per week with the specialists and Sears, Ward and Penney managers averaging between 46 and 50 hours. All managers average 1.6 late nights per week.

Relatively well paid or not, store managers find the long hours and salaries hard to justify. *CSA* asked the survey participants to rank their top four likes and dislikes about their jobs, and work schedules and dollars rated highly on the negative side. As noted, being treated as individuals and security were also sore spots. Most interestingly, perhaps, the retailers who light most price promotional fires, the discounters, reported a distinct distaste for the competition.

The plus side of store managing paints a picture of merchants who, all things considered, enjoy being on the firing line. All store managers rated the challenge and independence among the top two positives, backed by responsibility, leadership, dealing with employees and salaries.

Considering their relative youth it's not surprising that all survey participants see a better than 50/50 chance of moving up the corporate ladder. What's interesting is that the Big 3 and variety store managers, who've been in the stores longest, are the most optimistic.


The average store manager
18 years in retailing,
9 years as a manager
15 years with current chain
works 51-55 hours, with 1.6 late nights per week
51% college graduates
earns $26,000 salary, 6% bonus
40 years old
moved 1.4 times in last five years
expects promotion no sooner than one year



Managers were asked to rate the odds of getting ahead on a scale of 1 to 5 with 5 being excellent and, overall, the store men pegged their chances at 3.48. But the Big 3 merchants, at 3.8, and variety store managers, at 3.7, rated themselves the best prospects.

The department and discount store managers rated themselves just below average, at 3.4 each, and the specialists, perhaps due to their age and career commitment to retailing, were the most pessimistic at 3.1.

Oddly enough, the specialists did perceive a faster track up. Some 44.1% expect to be promoted within six months. For the other tiers of the industry, 6 out of 10 expect to wait more than one year with nearly 75% of the Big 3 managers anticipating a promotion is more than a year away.

And a successful track record doesn't always pave the way to a district, regional or headquarters desk job.

"I don't expect to be promoted," said one discounter earning more than $41,000 a year. "I'm in one of the top volume and profit stores in the chain." □

Riding the licensed product boom

If Captain Midnight and his decoder ring could only see what his early licensed product fury has wrought—a world where anything cute, cuddly, colorful or remotely famous can be instantly transformed into a best-selling lunch kit or breakfast cereal.

It's also a world where almost one out of every eight general merchandise dollars is spent by consumers on licensed products. As the London-based *Economist* aptly captioned a photograph of a pensive Luke Skywalker of "Star Wars," "Listen—the deafening sound of cash registers."

In 1982 Americans spent an estimated $20.6 billion on licensed products ranging from designer jeans to plush replicas of Saturday morning cartoon characters. Another $26.8 billion may be spent this year and by the end of the decade licensed products and services could tally close to $75 billion, according to Arnold Bolka, publisher of the Phoenix, Ariz.-based *Licensing Letter.*

By the end of the decade, licensed products and services could tally close to $75 billion.

E.T. was one of the big hits of 1982.

A seven-year *Licensing Letter* analysis of the Big 3's catalogs illustrates the industry's meteoric growth. From spring/summer '77 to spring/summer '83 licensed products appearing in the Sears, Penney and Ward catalogs increased by 174.1%. But the *property* explosion was even greater—an increase of 196.6% from 118 properties in 1977 to 350 properties in the '83 catalogs.

The licensed product boom introduces a new set of variables to the volatile merchandising matrix. Decision makers are faced with *concepts*—not only product. It's not merely a stuffed bear anymore but a teddy that appeals to a specific age group, that identifies with certain values and has semiannual television specials. Most chains are not yet organized to properly merchandise licensed products.

"Retailers could be doing a much better job but it's a communications problem," explained Murray Altchuler, president of the Licensing Industry Association (LIA). Buyers, he added, are busy enough tending their own classifications to be concerned with inter-departmental merchandising.

Desirable customers: Licensing, however, is a golden opportunity for retailers who can capture a market whose customer is younger, richer, better educated and willing to pay more for what he or she wants than the average consumer.

Leo Shapiro & Associates, a Chicago-based research firm, com-

pleted a *CSA*-commissioned study which revealed the licensed product shopping habits of consumers.

The *CSA*/Shapiro study confirmed the licensed product shopper is a more desirable customer. This consumer is more affluent (81% make more than $15,000 annually compared with a 74% norm), is younger (67% under 40-years-old compared with a 46% norm) and better educated (32% are college graduates—the average, 24%).

Those who participated in the survey told researchers that they purchased licensed products equally either as a gift with confidence in its acceptance, or were asked to buy a specific item by, say, a child.

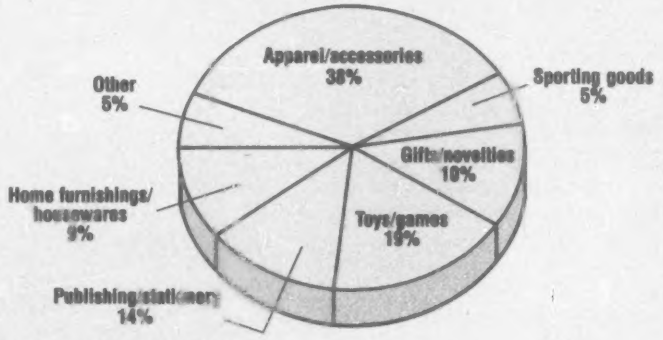
Consumers also find it easier to buy—and expect to pay more for—licensed products, *CSA* editor Murray Forseter told a *CSA*/LIA licensing seminar earlier this year. "We found that for items tracked [in the survey], by slightly better than a 3-to-2 margin, shoppers found it easier to buy licensed goods," Forseter explained, adding that the more frequent reasons cited were experience and product reliability followed by quality and trustworthiness.

Premium price: The licensed product shopper, the *CSA*/Shapiro research showed, expects to, and probably will, pay more for licensed goods. "Two out of three consumers expect to pay a premium on the average of 25% to 30% for licensed products," Forseter said. Those asked said licensed toys, on average, were $4.35 more than non-licensed toys. Soft goods (apparel and domestics), they said, were $3.25 higher and sporting goods, $7.56 more than licensed sporting equipment. The average price consumers said they paid for each product was $12.05 for a licensed toy, $11.94 for a soft goods item and $24.87 for a sporting goods product.

But while the higher price-points may provide retailers more volume, retailers could lose customers by charging too much for low price-point goods, Forseter warned the Chicago audience. "Names increased the perceived cost of a product," Forseter said. "Customers feel they are going to pay more for your product if it carries a licensed name. And, because purchase intention diminishes as price perception increases, the seller of the product must realistically evaluate how much he can charge to maximize sales and profits."

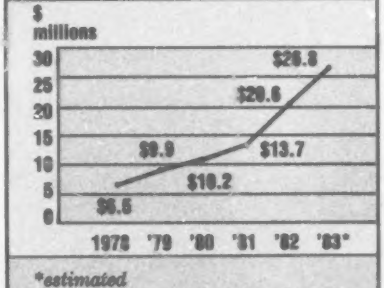
***Many believe that snoopy** was the foundation of licensed departments.*

Licensed product sales/breakdown



Source: *The Licensing Letter*

Licensed products sales: 1978-83



**estimated*
Source: *Licensing Industry Association, Licensing Letter*

Gross margins are tricky: Licensed toys, for example, command about a 30% margin compared with 37% for the toy classification. The margin may also increase or decrease depending upon the license royalty fee (6% to 7% on average) and price promotions. Some say E. T. sales slacked off because of excessive licensing fees. Retailers, though, count on licensed product

Why licensed products are easier to buy

Item	Experience/ reliable	Quality	Trustworthy	Good taste	License name
Shirt	61%	45%	40%	28%	5%
Athletic shoes	51	45	38	19	2
Children's vitamins	60	40	42	24	1
Toothpaste	50	49	26	35	5
Jeans	57	40	27	30	4

Source: *CSA*/Leo Shapiro & Associates

volume to provide profit, not necessarily margins. Inventory turns for licensed toys are about five times per year compared with about 3.3 turns for the classification.

But if the *CSA*/Shapiro research is correct, retailers may be able to expand their gross margins using licensed products. A demand schedule was devised to determine how much a merchant—Sears in this case—could expect to charge for a set of generic cookware compared with an identical cookware ensemble with a mock, celebrity chef brand name. "We computed schedules for the cookware," Forseter explained. "We found that the maximum gross margin dollars could be reaped at $40 if the cookware sold without the licensed name at Sears. But if the cookware carried the license, Sears could produce maximum gross margin dollars at a $60 price-point and that takes into account a $2 increase in costs to defray the licensing charge."

Gross margins, however, are only one aspect of licensing for retailers who are often swept up in the hoopla of new product introductions.

Individual buyers, in most chains, continue to purchase licensed products regardless of their colleagues' licensing plans. Some GMer's are reorganizing. Topsiders at Mervyn's, a Dayton Hudson soft lines subsidiary, meet weekly to discuss new properties and form evaluation committees before presenting the products to individual divisions.

St. Ann, Missouri-based Venture has also moved closer to a coordinated licensed product evaluation system. Maxine Clark, Venture's vp/marketing, told the *CSA*/LIA audience that Venture buyers are not required to seek approval for licensed product purchases "but in order for them to advertise it and use valuable store space for it, they have to at least talk about it with somebody.

Balancing inventory: Retailers are not only faced with *what to buy*, but how much to invest in inventory and which products the new licensed property will replace.

A toy buyer for a major northeast discounter said he sets his inventory quota based on manufacturer advertising and media exposure (a movie or television special).

The losers in the licensed product explosion are basic items, retailers say. "There's only so much shelf space," explained Dennis Spector, Cole National Corporation marketing director.

Licensed product display is also in transition. Some insiders say licensed goods should be integrated within traditional product categories while others favor boutiquing. Toy chains, such as Child World, employ both methods.

"We know the boutique does much better," explained Murray Altchuler. "It's a program. For the retailers to maximize the benefits for a licensed property, they should present it as a property. The stores

Baseball tops Big 3 license catalogs

Major League Baseball (MLBB), Strawberry Shortcake, Smurf and N.F.L. teams are the top licensed products represented in all Big 3 retailer spring/summer '83 catalogs, according to the Phoenix, Ariz.-based Licensing Letter.

Only 22 properties were represented in all three of the Sears, Roebuck, J. C. Penney and Montgomery Ward catalogs.

More than 130 MLBB items appeared in the three catalogs. Strawberry Shortcake was next with 70 products followed by Smurf and N.F.L.-related items with 69 each.

In 1983 the spring/summer catalogs featured 1,554 products representing 350 properties. In comparison, only 567 licensed products, representing 118 properties appeared in the 1977 spring/summer, Big 3 catalogs (see chart).

The leading 1983 spring/summer properties, the Licensing Letter survey showed, were Dianne Von Furstenberg at Sears and Major League Baseball in both the Ward and Penney catalogs. In 1977, the most popular properties were Winnie-the-Pooh at Sears, Sesame Street at Penney and Mickey Mouse in the Ward catalog.

Both hard lines and soft lines properties were tracked by the Licensing Letter survey. □

Big 3 catalog licensed products

Catalog season	Licensed products in Big 3 catalogs	Licensed properties represented in Big 3 catalogs
Spring/Summer '83	1,554	350
Fall/Winter '82	2,036	251
Spring/Summer '82	1,548	378
Fall/Winter '81	1,729	222
Spring/Summer '81	1,117	170
Fall/Winter '80	1,288	150
Spring/Summer '80	855	148
Fall/Winter '79	1,071	120
Spring/Summer '79	664	97
Fall/Winter '78	960	108
Spring/Summer '78	701	118
Fall/Winter '77	695	106
Spring/Summer '77	567	118

Source: *Licensing Letter*

Smurf, 'Shortcake' and E.T.: consumer favorites

Forecasting consumer buying patterns is, at best, a dubious science. But the General Mills Toy Group Marketing and Design Service, which launched Strawberry Shortcake, has an enviable track record.

Group president Bernard Loomis at the *CSA*/LIA licensing seminar unveiled an October '82 survey that showed which licensed characters were most popular among mothers.

For the toys, games and crafts classification, Smurf scored the highest "positive purchase intent" among the survey group with 31%, Loomis said. Closely following was Strawberry Shortcake at 30%, E.T. with 26%, Dukes of Hazzard at 24%, Pac-Man at 21% and Mickey Mouse with 9%.

E.T. led the apparel category with 43% followed by Strawberry Shortcake and Smurf with 43% and 41% respectively.

Meanwhile a *CSA*/Leo Shapiro & Associates, survey of Chicago showed E.T. was the most purchased licensed character during the Christmas '82 shopping season.

Strawberry Shortcake was second followed by Smurf, Dukes of Hazzard, Mickey Mouse, Sesame Street and Snoopy. □

Strawberry Shortcake sales should reach $1 million in 1983.

The Strawberry Shortcake success story

	Retail sales (000 omitted)	Ad budget (000 omitted)	Ad to sales ratio
1980	$ 100,000	$ 2,300	2.3%
1981	500,000	5,500	1.1
1982	750,000	12,000	1.
1983[1]	1,000,000	25,000	2.5

[1]*estimated*
Source: General Mills

that have done the best job have created a turf that changes with the season but remains thematic [such as Strawberry Shortcake or pro sports shops]."

Certainly, manufacturers preach the boutiquing approach. Some, such as Carol Beltran, the Bobbs-Merril Co. (Raggedy Ann) licensing director, advocate multilicensed product boutiques within departments. "It's much easier for me to know where all the childrens' [licensed] toys are so I don't have to run up and down the aisle looking for what I want," she said.

Impulse buys: Whatever the method, Altchuler noted, it's crucial to exploit the impulse purchase nature of licensed products. "It's an impulse item and point of sale is very important," he explained. "A mother goes into a store to buy her kid a light jacket and there's a New York Yankees jacket side-by-side with a plain jacket. There's only a dollar price difference and she's getting it for a 10, 11-year-old boy. Which one do you think he'd want?"

This year, kids may want more of Strawberry Shortcake, Smurf, Star Wars in addition to Care Bears and Garfield, retailers are predicting. This may be Garfield's year, in fact. "Garfield is going to be real good," said one buyer. "Major manufacturers are now merchandising Garfield products and there's going to be a TV special later this year."

One sleeper may be "Cathy," a comic strip character who charters not-so-glamorous every day female anxieties. Neiman-Marcus last year featured Cathy boutiques and backed the effort with a promotional tour by Cathy creator, Cathy Guisewite.

As for the future, insiders forecast a continued licensed product boom with a possible reduction of property introductions. "There's no way the number of properties will continue to proliferate the way they are now," said Altchuler.

Carol Beltran agreed. "Retailers will be backing away from one-shots. Within 10 years, in all probability, you will be back to staple categories that everybody will recognize.

But today's staples may have been yesterday's "one-shots." As Arnold Bolka pointed out, "The traditional properties are the heart [of the industry] but the new products are its lifeblood." □

License pirates plague industry

E.T. was the licensed product sleeper of 1982. It was also a favorite of counterfeiters who sold extraterrestrial imposters to everyone from Manhattan street vendors to general merchandise chains.

The pirating of licensed products is said to cost licensees "billions a year," according to James Bikoff, president of The International Anti-counterfeiting Coalition. But counterfeits are also the retailer's problem, both legally and financially.

"There's a maxim in the law that ignorance of the law does not prove innocence," explains Bruce Hosmer, Gulf & Western's associate patent counselor. "Retailers can be guilty of infringement of someone's copyright by helping to get the infringed goods into commerce."

However, manufacturers and attorneys interviewed said most major general merchandise chains will voluntarily remove counterfeit and knockoff merchandise. "I found all major chains and specialty stores overwhelmingly cooperative in re-

***Bodart and Hartman** have created a store around "lovable," nonaction licensed characters.*

Retailers score with character boutiques

Milwaukee retailers Roger Bodart and Chris Hartman have staked their entrepreneurial futures on the licensed character boom. Almost two years ago the ex-Gimbel's merchants launched the first of two Cast of Characters shops and have since watched the likes of Garfield and Ziggy generate sales in the $275 to $300-per-square-foot range.

The all-licensed character concept was spawned from Bodart and Hartman's 1978 stationery shop venture, Pen & Pad. Recalls Bodart, "We brought in Ziggy and Snoopy and did very well with them. Something was happening, something that was different. People were becoming character conscious and we decided to go with it in a full shop."

The first Cast of Characters shop opened in mid-1981 followed by a second outlet last August in Milwaukee's Grand Avenue Mall. Both stores, which total a combined 2,400 sq. ft., are stocked with the most popular "lovable," nonaction licensed characters including Strawberry Shortcake, Smurf, Garfield and Snoopy.

"The concept is based on a full presentation of the best products available. Visibility and viability are the keys," says Hartman, adding that many of the stores' licensed characters are featured in comic strips, movies or Saturday morning cartoon serials.

Garfield tops at Cast of Characters

Product	% 1982 sales[1]	% Club poll[2]
E.T.	—	10.1
Garfield	22.9	31.5
Hello Kitty	14.4	8.1
Smurf	22.3	14.4
Snoopy	7.0	5.6
Strawberry Shortcake	5.8	4.3
Ziggy	11.6	9.4
Misc.	16.0[3]	16.6

[1]Feb.-Dec. '82
[2]favorite character (responses from 631 members of Character Club)
[3]Includes E.T.
Source: *CSA research*

Bodart and Hartman, however, often sidestep promotional hoopla in order to avoid dust-gathering inventory. Annie is a good example since great things were predicted for the licensed character that made the jump from comic strip to Broadway but stumbled on the Silver Screen in Hollywood.

Annie "was a klinker," says Bodart who decided not to invest heavily in what promoters were touting as the next character license sensation. "We looked at it with a gut feeling and a dollar and cents feeling," he recalls. "Annie just wasn't saying anything. She was saying 'tomorrow,' while a character like "Ziggy" was saying 'today.' We were right."

As for the stores, the two outlets are designed to attract walk-in mall traffic—especially children—with high impact cube and shelf displays and colorful fantasy motifs. "They

[kids] come in here and get all excited," says Hartman. "They can't believe it. There's all this neat stuff and it's all for them."

Price points are often parental. The Cast of Characters prices range from 10¢ for a sticker (they sold 4,000 in a single day during a teachers' convention) to $275 for a giant character plush toy. The average transaction, they say, is between $2 and $3.

Nearly 40% of the stores' sales are logged during the November and December Christmas shopping season, but Bodart and Hartman feel they can beef up off-season sales with customer clubs which offer members discounts and the Cast of Character newsletter. The stores' birthday club alone boasts 4,000 members (including two 82-year-old women) and was recently augmented by a new promotion dubbed the Character Club. The new club, with more than 600 members, offers a once-a-year 20% discount on merchandise, birthday presents and the newsletter. For Cast of Characters, the club delivers a captive consumer polling base to track popular characters (*see chart*).

Cast of Characters' future, Bodart says, depends on what he feels will be a continued boom in licensed character retail sales. The boutiquing concept, in fact, is one encouraged by many licensing industry insiders. Bodart and Hartman have already spun-off a 450-sq.-ft. plush toy boutique called Love 'Ems and more units are in store for Cast of Characters. But Bodart doesn't plan to stop there. He's so bullish on licensed characters that his long-term plans might include franchising. □

New York kids prefer Smurf, maybe because "they're small and cute."

PS 61's hit list

Favorites (% mentioning)	%
Smurf	41.3
Strawberry Shortcake	10.4
Superman	10.4
E.T.	10.4
Tom & Jerry	10.4
Star Wars	6.8
Garfield	6.8
Wonder Woman	3.5

Source: *CSA* research

Readin', writin' & Smurf at PS 61

For the second graders at New York City's Public School 61, life, toys and clothing just wouldn't be the same without their favorite licensed characters.

During an informal two-hour discussion, the children in Wanda Woytowich's second grade class talked about licensed characters, why they liked an individual character and if a product was "better" if it bore a likeness of one of their Saturday morning favorites.

The Smurf family was the overwhelming favorite of these 7 and 8 year olds (mentioned by 41.3%), followed by Superman, E.T., Strawberry Shortcake and the seemingly immortal Tom & Jerry (all at 10.4%). Other mentions as "favorite characters" were the Star Wars group, Wonder Woman and Garfield. The second graders also mentioned the pop group Menudo and the Dukes of Hazzard as other top character choices.

Television and movies, not surprisingly, seemed to have an impact on these children at PS 61, which is located in the racially mixed Lower East Side of Manhattan. Smurf was a favorite, one 7-year-old girl noted, "because they're small, they talk cute and I like the way they laugh."

Both the television specials and the product line were mentioned in conjunction with Strawberry Shortcake. "I like her songs," said another 7-year-old girl, "and her smell and her cereal."

At times, the second graders didn't seem quite sure how they acquired their licensed products toys, but it seemed a combination of asking parents and receiving the products as gifts. "Sometimes I ask my parents to buy me something and they say no," said one girl. "But sometimes they buy it for me later and surprise me."

But whatever the source, the children felt toys were just better products when bearing a licensed character. "*Of course,*" said an 8-year-old boy, incredulous that anyone would even ask such a question. Not only were the products better, they indicated, but licensed characters also seem to be a status symbol of sorts among friends—especially with clothing (see article in *APPAREL Merchandising*). The characters also make the toy look better, they said.

There were some dissenters, however. A 7-year-old girl said she was quickly tiring of the big licensed character guns. "I'm tired of Smurf and E.T. and I'm tired of their cartoons," she said. "Every day they run over and over and it's the same thing."

In fact, that may be the key to long-term success. A 7-year-old boy said he liked Star Wars toys because he has little time to tire of Darth Vadar and the gang. □

Bloomingdale's 350-sq.-ft. department moves merchandise priced from $3.95 to a hefty $1,150.

Exercise gear has image shaping role

In the 70's, apparel was the "image engine" for department stores, says Walter Levy of Walter K. Levy & Associates. Reputations were made or broken by a store's soft lines stance.

Apparel continues to be important in the 80's, the consultant points out. But home divisions, such as housewares, soft home furnishings and consumer electronics, are rivaling soft lines as image setters. And while Levy didn't say so, signs are sporting goods, specifically exercise equipment, is shaping up as at least a "piston" keeping the new image engines pumping.

"In perhaps three or four years, home exercising will be an important part of daily home life," predicts the buyer for a New England department store. "Barbells will come up from the basement to a room or area set aside for family fitness. We plan to aggressively pursue the market."

This message hasn't been missed by the kingpins of the fashion world. On March 1, a New York soft lines powerhouse with a fashion image no less rock solid than its 59th Street flagship location unveiled an exercise equipment department with nary a stitch of trendy activewear in sight.

Bloomingdale's carved the 350-sq.-ft. section out of its 6th floor housewares complex—The Main Course. The mix presents a fairly complete assortment of exercise gear, some at highly competitive prices (hand grips are available as low as $3.95), others sporting tickets definitely geared to the Bloomies' shopper. AMF's Computrim, which delivers digital readouts on time, speed, distance, calories burned and pulse of the rider, sported a hefty $1,150 tag.

Bloomingdale's dept. sources boast of moving $2,500 worth of equipment on 'opening' day.

"The response in the two weeks we were unofficially open was fantastic," reports buyer Alan Sotnick. "Based on the sales results we've seen, plus some other reports we've heard, we're one of the biggest exercise equipment sellers in the city."

Other store sources boast of moving $2,500 worth of merchandise on the Main Course Athletic Club's opening day, with sales action at both the high- and low-ends.

National craze: It comes as no surprise that fitness is a national craze. The health cult has roughly 15% of the entire population out on the roads competing with cars for jogging space. But a 1981 A.C. Nielsen study on sports participation found jogging on the downswing. Just over 34 million Americans jog, the survey reported, slightly below the 35.7 million runners spotted in '78.

Nielsen included "physical conditioning" (defined as equipment-oriented exercise) for the first time in the '81 edition of its triennial study. The new activity ranked seventh, with nearly 35 million participants, barely nudging jogging back into eighth place.

WARNING: CARE BEARS™ ARE A PROTECTED SPECIES.

American Greetings Corporation and the General Mills Toy Group companies, including Kenner Products, Parker Brothers and Fundimensions have invested a great deal of resources to create and merchandise the loveable world of Care Bears™: Tenderheart Bear™ Cheer Bear™ Wish Bear™ Bedtime Bear™ Birthday Bear™ Friend Bear™ Good Luck Bear™ Grumpy Bear™ Love-A-Lot Bear™ Funshine Bear™ and their home above the clouds, Care-A-Lot™.

We will not tolerate anyone stealing Care Bear™ names, designs, tummy graphics or other trademarks. And we will bear down hard by vigorously pursuing any manufacturer, distributor or retailer who attempts to misappropriate these properties of ours.

To anyone contemplating "Bearnapping," remember: Care Bears™ don't bite. But we do.

Care Bears

© 1983 AMERICAN GREETINGS CORPORATION

SPORTING GOODS

The study also indicated there are more die-hard home exercisers in the "closet" than might be imagined. Some 36% were classified as "light" participants, working out eight days or less per month, and another 33% as "medium," exercising 9-19 days a month. But a solid 31% were defined as "heavy" exercisers, taking off pounds or putting on bulk 20 or more times monthly.

Nielsen's numbers appear to contradict other studies. A 1980 U.S. Department of Health and Human Services report found that only "something over 35%" of all adults engaged in *some* form of "appropriate physical activity."

The meteoric growth of the exercise equipment market, however, could resolve this apparent conflict. Gold Circle's Robert Vanmeter recalls noticing the category trending upward six years ago, adding "it isn't ready to peak yet." The Worthington, Ohio-based discounter turned in a 22% volume jump on exercise gear last year and Vanmeter is "planning on a big increase" in '83.

Trading up, with exercise gear's target customer shopping more elaborate systems as technology advances, appears to be one match igniting this explosive growth. Bloomingdale's, which prides itself on being first, is certainly a latecomer to the exercise equipment market. And the store has taken its stand, not surprisingly, at the high-end.

A volume display of Heavyhands weights features $20 tickets for 1-lb. sets and 5-lb. dumbbells are priced at $13.95. A conditioning suit is available for $14.95.

Other tickets climb steeply. An inversion system was tagged at $450, a treadmill at $550 and a total gym system offered at $699.95. Vitamaster's Pro 1000, with the same digital readouts as AMF's Computrim, opens at $650.

Bloomies' shoppers also like to pamper themselves. So the store's mix includes such after-workout necessities as Vitamaster's steam sauna bath for $719.95, Teledyne's shower massager for $35 and the Wet Set Shower System for $45. Rounding out the mix are air cleaners, hand-held massagers and make-up mirrors.

The Package Sells!

SEE and FEEL the mat design and the suction cups.

SAFETY—
Hundreds of suction cups line the underside of the mat for anti-slip protection.

- Luxurious feel—smooth and satiny.
- Resists fading, stains and tearing.
- Remains soft and pliable.
- Stays clean and fresh.

The only Bath Mat with antimicrobial protection!

Protection against mold, mildew, bacteria, odor-causing germs, black fungal stains.

BANYO CANADA LTD.
6500 Fullum St., Montreal, Quebec H2G 2H3 Ph. (514) 271-4791
Contact: Peter M. Sears, Gen. Manager
SLIP-X Division of BISSELL, Inc. P.O. Box 1888 Grand Rapids, MI 49501
© 1983

Aladdin.
CHARACTER KITS
. . . the year 'round school, picnic, or play best sellers

MASTERS OF THE UNIVERSE © Mattel, Inc. 1983 All Rights Reserved. MASTERS OF THE UNIVERSE is a Trademark owned by and used under license from Mattel, Inc.

Aladdin Industries, Inc.
703 Murfreesboro Road
Nashville, TN 37210

Some discounters, however, are edgy over the more esoteric lines appearing on the scene. Versatility of the product is the key, says Bradlees buyer Craig Wooster, adding that one reason for the swelling popularity of gym systems—such as the GymPac 1000 which Bradlees carries at $299—is that it replaces 10 different items. This year, antigravity inversion systems are causing a stir in the industry.

But, cautions Wooster, "Antigravity devices do not have mass appeal. They're sales intensive since a salesperson should be on hand to explain it. We stock inversion boots, but sales are minimal."

Repeat customers: Gold Circle's Vanmeter feels that another prime spur for the exercise equipment market is repeat customers. Many consumers, he explains, shop equipment that delivers the best results in the least amount of time and with as little physical effort as possible. They buy a new product, use it for a time and, when they haven't shed those 10 pounds, store it in the basement.

But that doesn't mean that customer is out of the exercise equipment market. It just means that a new item has to come along to pique the shopper's interest again.

Dayton's has also beefed up the space devoted to exercise gear in its Leisureworld section which features equipment, footwear, apparel and a ski shop. Ron Sigal feels the home fitness/exercise equipment market, from jump ropes to complete gyms, is a rapidly growing area that will continue to expand.

"We're looking for long-term growth in this area as Americans become more and more fitness and health oriented," Sigal says. "We want to look better and feel better."

Last year, Sigal reports, Dayton's top seller was an exercycle priced at $350. "Price seems to be no object when it comes to looking and feeling good," he notes. "The consumer is no longer adamant about an exercise bike for under $100."

For '83, Sigal expects rowing machines and slant boards to top his volume charts. Bloomingdale's Sotnick believes inversion systems will also do well this year.

As the market trends toward the high-end and advanced technology, keystone stores could find themselves well positioned to compete with discounters—if not on price, then on sales assistance.

Bloomingdale's has two P-O-S tape players demonstrating its exercise gear offerings, backed up by a salesperson who not only encouraged shoppers to try the items, but explained how they work and what muscles are exercised. As one visitor noted, "[The salesperson] was very good at pointing out why the step up [from the promotional exercycle] was better."

Home exercise edges in ahead of jogging

	1982 rank	Projected participants '82 (000 omitted)	1979 rank	Projected participants '79 (000 omitted)	% change '79-'82
Swimming	1	102,298	1	105,441	– 3
Bicycling	2	72,156	2	69,810	+ 3
Fishing	3	63,689	4	59,275	+ 7
Camping	4	61,582	3	60,300	+ 2
Boating	5	41,973	6	37,920	+11
Bowling	6	40,260	5	43,330	– 7
Physical conditioning	7	34,914	*	*	*
Jogging/running	8	34,274	7	35,727	– 4
Roller skating	9	30,156	12	25,350	+19
Pool/billiards	10	29,926	9	31,937	– 6

*Not tracked in 1979

Source: A. C. Nielsen Co.

1-800-251-4089 PUTS OUR GEAR IN HIGH GEAR.

Work clothes that sit on your shelf are sitting on cash. But Big Ben by Wrangler® work clothes move fast. Sophisticated inventory computers keep us informed of the in-stock position on our entire line.

And 1-800-251-4089 gives you instant access to those computers. In just minutes, we can process your order. Or give you a precise update on your shipment.

There's no faster way to get America's fastest moving work clothes moving. Give us a call. Big Ben by Wrangler.

HARD WORKIN' CLOTHES.™

A top seller for Dayton's last year was an inversion system. But Ron Sigal concedes that volume evaporated after a local doctor criticized the concept on medical grounds. Limiting misuse and the resulting potential injuries is a prime reason Dayton's St. Paul store has two sales staffers trained by the suppliers on hand to demonstrate the gear.

New breed shopper: Retailers are driving hard to compete for the exercise equipment customer, not only for the volume rewards, but, especially for discounters, to potentially attract a new breed of shopper.

CSA's 1982 Consumer Buying Intentions Study last December found that 61.5% of all consumers who had bought or might buy exercise gear boasted household incomes over $20,000 with 40.2% earning over $30,000. The likeliest customers were between 20-24 and 40-44 years old.

Dayton's target customer, says Sigal, is 25 to 40, both male and female. Adds Bradlees dmm Richard Casey, "This customer is young, upscaled and with a good deal of disposable income."

That's a pretty fair description of the customer discounters have been courting for years with stepped up apparel assortments and upgraded housewares offerings.

There are more die-hard home exercisers in the 'closet' than might be imagined.

And if there's another trending up attribute credited to the he-man exercise equipment shopper, it's that he is a she. Retailers are crediting much of the category's volume gains to women.

Department stores, especially, are merchandising their exercise equipment assortments to attract females. With aesthetics important to women, it's no wonder Bloomingdale's opens its department with an exercycle promoted at $49.95 in bright white with red trimming. It's pleasing to the eye and well it should be since it may occupy floor space in a fashionable East Side apartment.

At Foley's, sporting goods shops are positioned adjacent to men's activewear and feature Nike, Head, Bill Rogers, Izod, Adidas and Boast (a local resource) apparel. And while Foley's isn't giving exercise equipment additional space, the store is cross merchandising active footwear and warm-ups in with hard lines to "use the space more effectively," a store source notes.

"We're going to try to appeal to the female shopper," this source adds, "getting her to come into the area, for example, to get activewear or shoes and then making the next step into the actual equipment. If possible, we'll use colors in merchandise that might appeal more to a female customer." □

Sew up your share
of metal notions profits with PRYM.

PRYM should be your source for sewing notions because

Prym's got a broad range of innovative products — one right for every use. Prym products are all made to exacting standards from the finest brass and steel — they won't rust, bend, break or damage fabric.

Prym manufactures its own products in plants worldwide. You're assured of quality control, cost efficiency and dependable delivery every time.

Prym is price-competitive. Ask us how we can increase your metal notions profits — and about special promotional offers which may be available.

Write for our catalogue or call Dick Harris, vice president for sales, at 1-800-243-1832.

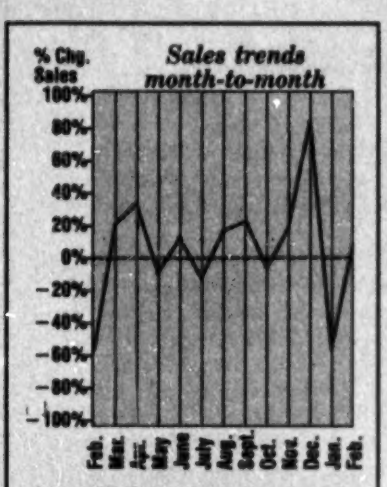
PRYM

William Prym, Inc.
Dayville, CT 06241

Chains await March before celebrating

Industry observers remained cautious for fear of once again "crying wolf" in predicting an end to the recession and bright future for sales. But with February volume climbing 8.7% over results for the same month last year, it was all they could do to restrain their optimism.

"January and February were very encouraging," said David Taylor, retail analyst for Prudential-Bache, noting that projecting a sustained sales recovery off the traditionally two weakest months of the year is ticklish. "The trend, however, is very strong, showing basic strength building," Taylor continued.



Composite of sales trends (increases or decreases) from month to month for the 20 retail companies tracked by *CSA*.

Some of that strength was flexed by K mart, which posted an 8.6% sales hike against a solid Feb. '82 jump of 12.0%. K mart's same-store volume was up 6.8% during the month this year. Chain topsiders credited the increase to the success of the overhauled apparel merchandising programs with menswear sales up 12.0% and fashion accessories jumping 11.0%.

The Big 3 catalog chains, however, continued to report anemic sales with only Sears showing any substance to its volume. J. C. Penney's sales declined 1.4% (from a 1.3% drop in Feb. '82) while Montgomery Ward reported only a 1.9% jump in volume.

Sears, meanwhile, scored a 4.3% increase on sales of $1.2 billion. Edward Brennan, pres. of the General Merchandise Group, reported that major appliance volume was up for the fifth straight month and sales were also strong in apparel and computer-related merchandise.

Department stores also saw a sales surge in February. Dayton Hudson's keystone price operations turned in a 10.0% increase, topped by Mercantile with a 14.6% overall gain and a 14.4% same-store hike. Carter Hawley Hale reported an 11.4% volume gain.

Among the discounters, Venture posted a 12.1% same-store sales increase, continuing an upward trend for the May Co. chain. Wal-Mart was up 15.0% on a store-for-store basis and Bradlees closed the month with comparable store volume up 7.0%.

Traditionally weak Feb. shows strength

MAJOR CHAINS	% change	FEB. SALES* 1983	FEB. SALES* 1982	STORES 1983	STORES 1982	1-MO. SALES* 1983	1-MO. SALES* 1982	% change
SEARS[1]	+ 4.3	1,274,247	1,222,247	831	849	1,274,247	1,222,247	+ 4.3
PENNEY	− 1.4	567,000	575,000	2,055	2,086	567,000	575,000	− 1.4
WARD[1]	+ 1.9	320,647	314,811	386	389	320,647	314,811	+ 1.9
FEDERATED[2]	+13.4	517,900	456,900	410	N/A	517,900	456,900	+13.4
DAYTON HUDSON	+22.5	346,056	282,501	1,000	885	346,056	282,501	+22.5
MAY DEPT. STORES	+15.0	223,300	194,200	1,477	1,275	223,300	194,200	+15.0
CARTER HAWLEY HALE	+11.4	201,800	181,200	1,031	949	201,800	181,200	+11.4
ASSOCIATED DRY GOODS	+ 8.9	176,400	162,000	248	245	176,400	162,100	+ 8.9
MERCANTILE	+14.6	80,615	70,346	85	83	80,615	70,346	+14.6
K MART	+ 8.6	996,041	917,395	2,373	2,374	996,041	917,395	+ 8.6
WOOLWORTH	+ 1.8	304,810	299,292	N/A	N/A	304,810	299,292	+ 1.8
HOUSEHOLD MERCH.[2,3,5]	− 0.8	195,087	196,679	3,746	3,824	195,087	196,679	− 0.8
WAL-MART	+29.5	228,000	176,000	558	495	228,000	176,000	+29.5
T.G. & Y.	+ 1.5	129,600	127,673	891	923	129,600	127,673	+ 1.5
ZAYRE[4]	+25.2	117,084	93,523	628	566	117,084	93,523	+25.2
BRADLEES	+26.8	50,100	39,500	106	90	50,100	39,500	+26.8
MURPHY	− 5.0	48,942	51,492	422	434	48,942	51,492	− 5.0
ROSE'S	+13.5	47,988	42,278	237	233	47,988	42,278	+13.5
MELVILLE	+18.7	204,527	172,369	5,488	5,158	204,527	172,369	+18.7
TANDY	+23.7	181,801	146,949	N/A	N/A	181,801	146,949	+23.7
EDISON BROS.	+ 6.3	63,951	60,172	2,169	2,114	63,951	60,172	+ 6.3
TOTALS & AVERAGES	+ 8.7	6,148,296	5,654,954			6,148,296	5,654,954	+ 8.7

**000 omitted. N.C. = no change. N/A = not available.*
[1]Store number for full-line outlets only. [2]Includes 2,807 franchise stores (vs. 2,852 a year ago). [3]Includes T.G. & Y. sales. [4]Includes 264 Zayre stores (vs. 258 a year ago), 278 Hit or Miss stores (vs. 244) and 86 T. J. Maxx stores (vs. 64). [5]Excludes supermarket sales.

Wal-Mart's Big K provides sales punch

Wal-Mart officially included the 90 former Kuhn's-Big K locations it purchased a year-and-a-half ago in its same-store sales calculations for the first time in February. The final score: same-store Wal-Mart's up 11%; same-store Big Ks up nearly 15%, reports David Glass, vice chairman/chief financial officer.

The Bentonville, Ark.-based discounter's total sales were up 29.5% in February on revenues of $228 million.

The Big K takeovers, Glass notes, accounted for close to 14% of Wal-Mart's total volume last year. For the fiscal year ended Jan. 31, 1983, sales were up 38.1%, reaching $3.3 billion from the previous year's $2.4 billion. The chain's store roster was also beefed up, with Wal-Mart adding 50 units for a total of 541.